



General Assembly

**Substitute Bill No. 6940**

January Session, 2005

\* HB06940F IN 051705 \*

**AN ACT INCREASING THE AUTHORITY OF THE TREASURER WITH  
RESPECT TO THE USE OF UNAPPROPRIATED GENERAL FUND  
SURPLUS IN EXCESS OF THAT TRANSFERRED TO THE BUDGET  
RESERVE FUND.**

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1 Section 1. Subsection (a) of section 4-30a of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2005*):

4 (a) After the accounts for the General Fund have been closed for  
5 each fiscal year and the Comptroller has determined the amount of  
6 unappropriated surplus in said fund, after any amounts required by  
7 provision of law to be transferred for other purposes have been  
8 deducted, the amount of such surplus shall be transferred by the State  
9 Treasurer to a special fund to be known as the Budget Reserve Fund.  
10 When the amount in said fund equals ten per cent of the net General  
11 Fund appropriations for the fiscal year in progress, no further transfers  
12 shall be made by the Treasurer to said fund and the amount of such  
13 surplus in excess of that transferred to said fund shall be deemed to be  
14 appropriated, [to] as the Treasurer deems in the best interests of the  
15 state: (1) To the State Employees Retirement Fund, in addition to the  
16 contributions required pursuant to section 5-156a; [, but not exceeding  
17 five per cent of the unfunded past service liability of the system as set  
18 forth in the most recent actuarial valuation certified by the Retirement

19 Commission. Such surplus in excess of the amounts transferred to the  
 20 Budget Reserve Fund and the state employees retirement system shall  
 21 be deemed to be appropriated for: (1) Redeeming] (2) to the  
 22 Connecticut teachers' retirement fund, in addition to the contribution  
 23 required pursuant to section 10-183z; (3) for the redemption prior to  
 24 maturity of any outstanding indebtedness of the state selected by the  
 25 Treasurer in the best interests of the state; [(2) purchasing] (4) for the  
 26 purchase of outstanding indebtedness of the state in the open market  
 27 at such prices and on such terms and conditions as the Treasurer shall  
 28 determine to be in the best interests of the state for the purpose of  
 29 extinguishing or defeasing such debt; [(3) providing] (5) for the  
 30 defeasance of any outstanding indebtedness of the state selected by the  
 31 Treasurer in the best interests of the state by irrevocably placing with  
 32 an escrow agent in trust an amount to be used solely for, and sufficient  
 33 to satisfy, scheduled payments of both interest and principal on such  
 34 indebtedness; or [(4)] (6) for any combination of these methods.  
 35 Pending the use or application of such amount for the payment of  
 36 interest and principal on outstanding indebtedness, such amount may  
 37 be invested in (A) direct obligations of the United States government,  
 38 including state and local government treasury securities that the  
 39 United States Treasury issues specifically to provide state and local  
 40 governments with required cash flows at yields that do not exceed  
 41 Internal Revenue Service arbitrage limits, (B) obligations guaranteed  
 42 by the United States government, and (C) securities backed by United  
 43 States government obligations as collateral and for which interest and  
 44 principal payments on the collateral generally flow immediately  
 45 through to the security holder. The Treasurer shall promptly inform  
 46 the chairpersons of the joint standing committees of the General  
 47 Assembly having cognizance of matters relating to appropriations and  
 48 finance, revenue and bonding regarding the use made of  
 49 unappropriated surplus pursuant to this subsection.

This act shall take effect as follows and shall amend the following sections:

Section 1	July 1, 2005	4-30a(a)
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***FIN***      *Joint Favorable Subst.*